Comment . . .

➳ Continued from Page 20

in 1970, you can see where producers of building materials, home furnishings, etc., have seen their markets stagnate. Add to this the fact that the size of the average home has declined by 127 square feet, or 7½%, in the last four years alone, and you can see a further diminution in the need for building materials. Not only are single-family houses getting smaller, but multiunit housing, whose living spaces tend to be smaller than single-family units, have grown as a proportion of total starts. In 1975, multiple family dwellings accounted for less than one out of every four housing units constructed; last year they reached 40%.

. . . Has Depressed Manufacturing

The commercial end of the real estate market has its problems, too, which impact on manufacturing. The office building boom is apparently over, as demand for office space has fallen precipitously. This comes at a time when commercial builders have put up office buildings at a rapid pace, encouraged by generous tax benefits. Office vacancy rates in most major cities have climbed dramatically in the past few years in response to overbuilding in general, as well as to depressed conditions in the oil patch. Needless to say, this has taken its toll.

Spending on business structures accounts for 4¼% of the gross national product, up from 3.6% in 1978. Construction of factories and office buildings, warehouses, and shopping centers uses up a major chunk of the output of stone, clay and glass, and fabricated metals, not to mention a host of other materials, a lot of which is produced in the United States. Outlays for nonresidential structures flattened in the first quarter of 1986 compared with the fourth quarter of 1985. If they do no more than hold steady (and they seem more likely to decline), business spending on structures will rise only 2% this year, following a jump of over 15% in 1985.

Last on the list is agriculture. Depressed conditions down on the farm have caused considerable cutbacks in farmers' purchases of farm machinery, much of which is produced in the United States. Needless to say, they are also buying fewer consumer goods, especially those that are postponable, such as automobiles, furniture, and home appliances — again the bulk of which is made in the United States.

Some Bright Spots

As you can see, the nation's manufacturing sector has many problems. Some should diminish in the near future. For example, as foreigners use up their profit cushions and raise selling prices in the U.S., domestic manufacturers will have an opportunity to reclaim their share of market. Oil prices look like they've seen their lows, and if they go up further, some capital spending projects by the important petroleum sector may be restored. And once tax reform is either killed or becomes law, there could be some pickup in capital goods spending since the uncertainties surrounding the exact tax treatment of such outlays will no doubt have been clarified. As for agriculture, farm commodity prices have already bounced up in the wake of the Soviet nuclear disaster and, if they rise further, will boost farm incomes and, thus, farmers' buying power.

These are about the brightest spots one can find and they are none too bright. The dark clouds are still present. There doesn't seem to be any letup in the inroads made by foreign automakers in our domestic automobile market. At the same time, U.S. cars will continue to remain small and use less steel than their predecessors. The newly industrializing countries will continue to produce more and more of the goods that used to come mainly from

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Lower Interest Rates Drive Up Banks' Market-to-Book Value

➳ Continued from Page 1

The survey broke down the 83 companies into three peer groups: 14 money center banks, 30 regional banks with assets of $10 billion or more, and 39 regional companies with total assets between $5 billion and $10 billion.

The market-to-book ratio of the value of a bank's stock essentially measures the ability of a bank to create or diminish wealth for its shareholders. Mathematically, the ratio is a function of the bank's return on equity capital adjusted for inflationary expectations. The return on equity capital, or ROE, is net income as a percentage of average equity capital.

When a bank's ROE exceeds market requirements — that is, when the return on investors' dollars is above the gain that could be realized from alternative investments — the market price of a stock generally rises above its book value. In that instance, the market-to-book ratio exceeds 100%, creating shareholder wealth. A ratio of 200%, for example, means that a bank has a formula for taking one dollar from its shareholders and turning it into two dollars.

Conversely, when a bank's ROE falls below the level required by the marketplace, the market value of a bank's stock generally will be less than its book value; and the ratio falls below 100%, diminishing shareholder wealth. A ratio of 50%, for example, means that a firm is taking $1 from its shareholders and converting it into a half dollar.

Just a few years ago, the marketplace required a bank to earn a return on equity capital of about 17% to push up the market-to-book ratio to 100%. But the decline in interest rates has reduced inflationary expectations and has lowered the required return on equity capital to about 14%. The calculations are based on a formula using the long-term Aa-rated corporate bond rate as a measure of inflationary expectations.

Cates defines market-to-book value as the stock price divided by the book value per share. To calculate the 1985 ratio, Cates uses the bid price on common stock as of Feb. 3, 1986, and divides this by book value per share on Dec. 31, 1985. To calculate the 1984 ratio, Cates uses the stock's price on Feb. 1, 1985, and divides it by book value per share on Dec. 31, 1984. From Feb. 1, 1985, to Feb. 3, 1986, the long-term Aa-rated corporate bond rate fell 194 basis points, from 12.29% to 10.35%.

Other things being equal, a decline in interest rates is sufficient to cause the market-to-book ratio to rise, because a decline in rates lowers the required ROE. That same decline in rates also helped boost actual ROE. In other words, the effect of falling interest rates was to raise the numerator — actual ROE — and lower the denominator — required ROE — of the key ratio influencing the relationship of market-

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1985 Performance of Top U.S. Banking Companies

By Peer Group and Ranked by Three Measures of Performance

A. Listed in Order of **Return on Average Assets**

B. Listed in Order of **Return on Average Equity**

C. Listed in Order of **% Change in Earnings/Share**

MONEY CENTER BANKS

ROA Rank 1985	1984		1985	1984
1	2	J. P. Morgan & Co., Inc.	1.06	0.87
2	1	Republic New York Corp.	0.93	0.91
3	4	Bankers Trust New York Corp.	0.79	0.71
4	3	Bank of Boston Corp.	0.73	0.79
5	5	Chemical New York Corp.	0.70	0.63
6	7	Mellon Bank Corp.	0.67	0.57
7	10	Chase Manhattan Corp.	0.65	0.48
8	11	Harris Bankcorp, Inc.	0.64	0.42
9	6	Citicorp.	0.62	0.62
10	9	Irving Bank Corp.	0.55	0.48
11	8	Manufacturers Hanover Corp.	0.54	0.50
12	12	Northern Trust Corp.	0.49	0.34
13	14	Continental Illinois Corp.	0.47	-3.03
14	13	First Chicago Corp.	0.43	0.22
		MEAN VALUES FOR GROUP	**0.66**	**0.32**
		MEAN (EXCLUDE CONT. ILL.)	**0.68**	**0.58**

ROE Rank 1985	1984		1985	1984
1	2	J. P. Morgan & Co., Inc.	18.06	15.82
2	1	Bankers Trust New York Corp.	16.62	16.30
3	3	Citicorp	15.16	15.07
4	5	Chemical New York Corp.	15.01	14.32
5	6	Republic New York Corp.	14.36	12.97
6	4	Bank of Boston Corp.	13.77	14.94
7	10	Chase Manhattan Corp.	13.36	10.16
8	7	Irving Bank Corp.	12.96	11.70
9	8	Manufacturers Hanover Corp.	12.31	11.60
10	9	Mellon Bank Corp.	12.21	10.33
11	14	Continental Illinois Corp.	11.29	-91.82
12	11	Harris Bankcorp., Inc.	10.12	8.21
13	12	Northern Trust Corp.	8.50	5.71
14	13	First Chicago Corp.	8.31	3.51
		MEAN VALUES FOR GROUP	**13.00**	**4.20**
		MEAN (EXCLUDE CONT. ILL.)	**13.13**	**11.59**

EPS Rank 1985	1984		1985	1984
1	13	First Chicago Corp.	138.7	-69.6
2	1	Harris Bankcorp., Inc.	53.3	31.4
3	5	Northern Trust Corp.	52.7	8.0
4	11	Chase Manhattan Corp.	41.7	-17.8
5	2	J. P. Morgan & Co., Inc.	28.7	15.4
6	12	Mellon Bank Corp.	26.4	-24.2
7	6	Irving Bank Corp.	20.2	5.1
8	10	Manufacturers Hanover Corp.	17.7	-14.9
9	3	Bankers Trust New York Corp.	13.2	13.3
10	7	Chemical New York Corp.	13.1	2.4
11	9	Citicorp	10.4	-0.5
12	8	Republic New York Corp.	8.9	0.4
13	4	Bank of Boston Corp.	1.3	12.8
14	--	Continental Illinois Corp.	-101.6	--
		MEAN VALUES FOR GROUP	**23.2**	**-2.9**
		MEAN (EXCLUDE CONT. Ill.)	**32.8**	**-2.9**

$10 BILLION-ASSET BANKS

ROA Rank 1985	1984		1985	1984
1	--	CoreStates Financial Corp.	1.99†	1.17
2	--	Banc One Corp., Columbus	1.37	1.33
3	--	Allied Bancshares, Inc.	1.25	1.33
4	--	First Union Corp., Inc.	1.19	1.22
5	--	First Wachovia Corp.	1.18	1.11
6	1	PNC Financial Corp.	1.12	1.09
7	--	Midlantic Banks Inc.	1.04	1.00
8	--	Citizens & Southern Georgia Corp.	1.03	0.98
9	--	SunTrust Bank, Inc.	1.01	1.05
10	3	Barnett Banks of Florida, Inc.	0.97	0.94
11	6	NCNB Corp.	0.92	0.83
12	4	National City Corp.	0.92	0.90
13	--	Bank of New England Corp.	0.88	0.70
14	5	First Fidelity Bancorp	0.87	0.85
15	7	Bank of New York Co., Inc.	0.84	0.80
16	9	NBD Bancorp., Inc.	0.78	0.71
17	13	First Bank System, Inc.	0.70	0.63
18	10	Security Pacific Corp.	0.69	0.71
19	12	First Interstate Bancorp.	0.67	0.64
20	14	Wells Fargo & Co.	0.67	0.62
21	--	Southeast Banking Corp.	0.65	0.71
22	8	MCorp (★)	0.64	0.77
23	11	RepublicBank Corp.	0.64	0.68
24	17	Marine Midland Banks, Inc.	0.55	0.39
25	18	Norwest Corp.	0.54	0.34
26	15	InterFirst Corp. (★)	0.29	0.57
27	2	Texas Commerce Bancshares (★)	0.27	0.98
28	16	First City Bancorp of Texas, Inc. (★)	0.25	0.50
29	20	Crocker National Corp. (★)	0.14	-1.40
30	19	BankAmerica Corp. (★)	-0.28	0.29
		MEAN VALUES FOR GROUP	**0.79**	**0.75**
		MEAN (EXCLUDES 6 BANKS (★))	**0.94**	**0.86**

ROE Rank 1985	1984		1985	1984
1	--	CoreStates Financial Corp.	28.67†	17.79
--	2	Allied Bancshares, Inc.	19.84	22.61
3	--	First Wachovia Corp.	19.57	--
4	--	Midlantic Banks Inc.	18.72	18.05
5	2	Barnett Banks of Florida, Inc.	18.24	18.53
6	--	First Union Corp., Inc.	17.98	18.19
7	--	Banc One Corp.	17.95	18.20
8	--	Citizens & Southern Georgia Corp.	17.75	17.55
9	5	PNC Financial Corp.	17.38	16.65
10	--	Bank of New England Corp.	17.22	15.99
11	3	NCNB Corp.	16.95	16.88
12	13	National City Corp.	16.62	12.16
13	6	Bank of New York Co., Inc.	16.52	16.09
14	--	SunTrust Banks, Inc.	16.37	--
15	7	Security Pacific Corp.	15.10	15.54
16	14	First Bank System, Inc.	14.69	11.99
17	10	Wells Fargo & Co.	14.17	12.89
18	1	First Fidelity Bancorp.	14.05	18.98
19	11	First Interstate Bancorp.	13.26	12.84
20	15	NBD Bancorp., Inc.	12.97	11.44
21	--	Southeast Banking Corp.	12.45	12.61
22	9	RepublicBank Corp.	12.24	13.21
23	12	MCorp (★)	11.19	12.68
24	17	Marine Midland Banks, Inc.	11.02	8.16
25	19	Norwest Corp.	8.84	5.32
26	16	InterFirst Corp. (★)	5.22	10.53
27	4	Texas Commerce Bancshares (★)	4.62	16.76
28	8	First City Bancorp of Texas, Inc. (★)	3.03	14.94
29	20	Crocker National Corp. (★)	1.35	-31.61
30	18	BankAmerica Corp. (★)	-10.27	6.05
		MEAN VALUES FOR GROUP	**13.46**	**12.90**
		MEAN (EXCLUDES 6 BANKS (★))	**16.19**	**13.82**

EPS Rank 1985	1984		1985	1984
1	--	CoreStates Financial Corp.	92.1	10.5
2	18	Norwest Corp.	68.4	-53.1
3	16	Marine Midland Banks Inc.	45.3	-14.0
4	14	First Bank System, Inc.	36.9	-1.9
5	2	National City Corp.	25.3	27.9
6	--	Bank of New England Corp.	24.6	22.4
7	--	Citizens & Southern Georgia Corp.	22.7	20.2
8	5	NBD Bancorp., Inc.	21.5	17.0
9	7	Wells Fargo & Co.	21.2	13.6
10	6	PNC Financial Corp.	19.4	15.0
11	--	First Wachovia Corp.	18.2	--
12	--	Midlantic Banks Inc.	17.8	2.0
13	--	First Union Corp., Inc.	17.7	20.3
14	9	NCNB Corp.	17.6	10.6
15	25	Banc One Corp.	15.5	12.9
16	11	First Interstate Bancorp.	11.0	6.9
17	10	Security Pacific Corp.	9.8	9.7
18	4	Barnett Banks of Florida, Inc.	9.0	18.9
19	--	SunTrust Banks, Inc.	8.4	--
20	--	Southeast Banking Corp.	3.0	9.6
21	--	Allied Bancshares, Inc.	2.1	14.2
22	3	First Fidelity Bancorp.	1.6	20.3
23	13	RepublicBank Corp.	1.3	1.1
24	8	Bank of New York Co., Inc.	-0.2	12.3
25	15	MCorp (★)	-15.2	-10.6
26	--	InterFirst Corp. (★)	-48.3	--
27	1	First City Bancorp of Texas, Inc. (★)	-61.9	60.2
28	12	Texas Commerce Bancshares (★)	-71.3	2.5
29	--	Crocker National Corp. (★)	-109.0	--
30	17	BankAmerica Corp. (★)	-251.4	-18.8
		MEAN VALUES FOR GROUP	**-1.6**	**8.8**
		MEAN (EXCLUDES 6 BANKS (★))	**21.2**	**11.1**

$5-to-$10 BILLION-ASSET BANKS

ROA Rank 1985	1984		1985	1984
1	18	Florida National Banks of Florida	1.59	0.91
2	5	Fleet Financial Group, Inc.	1.38	1.24
3	7	AmeriTrust Corp.	1.18	1.20
4	--	State Street Boston Corp.	1.12	1.26
5	9	Norstar Bancorp, Inc.	1.12	1.16
6	12	Hartford National Corp.	1.09	1.06
7	--	AmSouth Bancorp	1.08	0.95
8	--	Third National Corp.	1.08	1.01
9	10	Sovran Financial Corp.	1.08	1.12
10	--	Bank of Virginia Co.	1.06	1.00
11	13	United Virginia Bankshares, Inc.	1.05	1.01
12	24	Maryland National Corp.	1.03	0.80
13	17	Meridian Bancorp., Inc.	1.02	0.95
14	11	KeyCorp.	1.01	1.07
15	--	Boatmen's Bancshares, Inc.	0.98	0.96
16	--	First of America Bank Corp.	0.93	0.83
17	23	Huntington Bancshares, Inc.	0.92	0.83
18	21	Mercantile Bancorporation, Inc.	0.89	0.87
19	25	BayBanks, Inc.	0.88	0.78
20	19	Rainier Bancorp.	0.88	0.91
21	26	Shawmut Corp.	0.87	0.77
22	22	Society Corp.	0.87	0.85
23	30	Valley National Corp.	0.86	0.75
24	20	U. S. Bancorp.	0.85	0.88
25	34	Manufacturers National Corp.	0.81	0.66
26	29	Fidelcor Inc.	0.80	0.77
27	--	First Tennessee National Corp.	0.80	0.82
28	35	First Wisconsin Corp.	0.74	0.64
29	37	Riggs National Corp.	0.63	0.58
30	38	Union Bank	0.61	0.57
31	39	National Westminster Bank USA	0.61	0.50
32	--	First American Bankshares	0.59	0.71
33	36	Comerica, Inc.	0.55	0.63
34	41	Centerre Bancorp.	0.55	0.44
35	42	Michigan National Corp.	0.50	0.32
36	27	Texas American Bankshares, Inc.	0.43	0.77
37	40	First Security Corp.	0.38	0.48
38	43	First Pennsylvania Corp.	0.32	0.28
39	44	European American Bancorp.	0.29	-1.59
		MEAN VALUES FOR GROUP	**0.86**	**0.76**

ROE Rank 1985	1984		1985	1984
1	16	Florida National Banks of Florida	26.68	15.13
2	--	Bank of Virginia Co.	22.02	17.33
3	--	Boatmen's Bancshares, Inc.	19.01	16.23
4	9	Fleet Financial Group, Inc.	18.87	17.76
5	23	BayBanks, Inc.	16.36	13.85
6	--	State Street Boston Corp.	18.74	19.30
7	10	Hartford National Corp.	17.90	17.74
8	12	Sovran Financial Corp.	17.46	17.22
9	15	KeyCorp.	17.18	15.95
10	--	Third National Corp.	17.09	16.09
11	26	Maryland National Corp.	17.08	13.53
12	--	First of America Bank Corp.	17.03	17.64
13	13	United Virginia Bankshares, Inc.	16.29	16.51
14	20	Meridian Bancorp., Inc.	16.16	14.71
15	17	Fidelcor, Inc.	15.64	15.03
16	19	Huntington Bancshares, Inc.	15.37	14.80
17	--	AmSouth Bancorp.	15.36	14.48
18	27	Valley National Corp.	15.29	13.25
19	--	First Tennessee National Corp.	14.46	15.78
20	24	Shawmut Corp.	14.37	13.83
21	32	Manufacturers National Corp.	14.24	12.23
22	25	Norstar Bancorp, Inc.	14.19	13.55
23	22	Society Corp.	13.99	14.05
24	21	Rainier Bancorp.	13.81	14.62
25	28	Mercantile Bancorp., Inc.	13.07	12.77
26	33	Riggs National Corp.	12.98	12.15
27	35	U.S. Bancorp.	12.06	11.94
28	36	AmeriTrust Corp.	11.52	10.83
29	37	First Wisconsin Corp.	10.98	10.26
30	34	Comerica, Inc.	10.43	11.97
31	39	National Westminster Bank	10.31	7.99
32	38	Union Bank	9.55	10.20
33	--	First American Bankshares	9.20	9.31
34	42	Michigan National Corp.	8.93	6.20
35	40	Centerre Bancorp.	8.70	7.76
36	30	Texas American Bankshares, Inc.	6.97	12.29
37	44	European American Bancorp.	6.54	-39.14
38	41	First Security Corp.	5.35	6.66
39	43	First Pennsylvania Corp.	-1.88	-2.63
		MEAN VALUES FOR GROUP	**13.83**	**11.77**

EPS Rank 1985	1984		1985	1984
1	37	Florida National Banks of Florida	111.6	3.7
2	43	Michigan National Corp.	45.9	--
3	6	Maryland National Corp.	36.5	28.1
4	2	National Westminster Bank USA	36.2	58.1
5	19	BayBanks Inc.	29.6	15.5
6	30	Manufacturers National Corp.	28.3	10.4
7	4	Valley National Corp.	27.8	32.4
8	40	First Wisconsin Corp.	23.1	-10.1
9	--	Bank of Virginia Co.	23.0	18.8
10	9	Meridan Bancorp., Inc.	21.9	22.0
11	26	Fleet Financial Group, Inc.	20.1	12.8
12	--	Third National Corp.	20.0	16.8
13	--	AmSouth Bancorp.	19.4	15.2
14	17	KeyCorp.	18.6	17.4
15	28	Centerre Bancorp.	15.7	11.3
16	20	Riggs National Corp.	15.4	15.1
17	31	United Virginia Bankshares, Inc.	15.0	10.2
18	3	AmeriTrust Corp.	14.1	37.3
19	41	Fidelcor, Inc.	13.8	-14.8
20	--	First of America Bank Corp.	13.3	32.0
21	--	State Street Boston Corp.	12.7	27.4
22	16	Hartford National Corp.	12.5	18.0
23	1	Huntington Bancshares, Inc.	12.2	70.5
24	35	Mercantile Bancorp., Inc.	11.5	5.1
25	22	Sovran Financial Corp.	11.5	14.8
26	13	Society Corp.	10.7	19.9
27	5	Shawmut Corp.	10.2	31.0
28	23	U.S. Bancorp.	9.2	14.2
29	36	Norstar Bancorp, Inc.	6.7	4.4
30	21	Union Bank	6.2	15.0
31	--	First American Bankshares	5.8	5.5
32	7	Rainier Bancorp.	4.2	27.8
33	--	Boatmen's Bancshares, Inc.	3.5	13.6
34	--	First Tennessee National Corp.	2.6	23.9
35	44	First Pennsylvania Corp.	0.0	--
36	33	Comerica, Inc.	-6.9	9.6
37	34	First Security Corp.	-17.9	8.6
38	18	Texas American Bankshares, Inc.	-39.1	15.7
39	42	European American Bancorp.	-114.6	-692.1
		MEAN VALUES FOR GROUP	**12.6**	**-2.5**

The return on assets is based on net income, after taxes but before extraordinary items. Dashes (--) in the 1984 rank columns for banking companies in the $10 billion asset category indicate that the firm was in the $5-to-$10 billion asset category in 1984. Dashes (--) in the 1984 rank columns for banking companies in the $5-to-$10 billion asset category indicate that these companies were not in this panel last year, their 1984 assets were less than $5 billion. (†)— Includes gain on sale of mortgage subsidiaries. Without this gain, R.O.A. would have been 1.19% and R.O.E. 16.45%. N.A.- Not Applicable.

Data provided by Cates Consulting Analysts, New York.

Morgan, Banc One, State Street Tops in Market-to-Book Ratios

Continued from Page 21
to-book values.

The Cates data show that the average ROE for the money center banks rose 154 basis points to 13.13%.

At the large regional banks, average ROE rose 56 basis points to 13.46%. However, if six of the firms with earnings problems are excluded — BankAmerica Corp., Crocker National Corp., and four Texas-based companies: MCorp; Texas Commerce Bancshares Inc.; InterFirst Corp., and First City Bancorporation of Texas Inc. — this group's ROE rose 237 basis points to 16.19%. At the smaller regionals, average ROE rose 206 basis points to 13.83%.

J.P. Morgan & Co. led the money center bank group with a market-to-book ratio of 138.71% in 1985, up from 103.72% in 1984. Manufacturers Hanover Corp. had the lowest market-to-book ratio among the money center banks, 63.50%, up from 58.72% in 1984. Among the 14 money center banks, five had ratios greater than 100% last year, compared with three in 1984.

Over the past four years, J.P. Morgan & Co. has been the nation's second largest banking firm in earnings. Only Citicorp earned more than Morgan. However, Morgan's earnings growth has been much more impressive than Citicorp's over the period. From 1982 to 1985, Morgan's net income has more than doubled, while Citicorp's rose a respectable 38%.

Morgan, the nation's premier wholesale banking firm, has perennially ranked among the top money center banks in both return on assets and return on equity. And for the first time last year, it ranked first in both categories among the money center banks, with a return on assets of 1.06% and a return on equity of 18.06%.

Among the large regional banks with assets of $10 billion or more, Banc One Corp., Columbus, Ohio, was tops with a ratio of 215.42%, up from 168.33% a year earlier. And the newly formed First Wachovia Corp.of Winston-Salem, N.C., and Atlanta, was second with a ratio of 189.63%.

At the bottom of the rankings were BankAmerica Corp., San Francisco, and First City Bancorporation of Texas Inc., Houston, with ratios of 50.60% and 46.77%, respectively.

Twenty of the 29 regionals for which market-to-book data were available had ratios that exceeded 100%. In 1984, 13 of the 27 banks in this peer group had ratios exceeding 100%.

Banc One Corp. has been one of the nation's most profitable banks in the nation over the past four years. Over that period, earnings more than doubled from $62 million in 1982, when it ranked 34th nationwide, to $130 million last year, when it ranked 23d. Its return on assets of 1.37% last year was the best in the large regional group, after adjusting CoreStates Financial Corp.'s return on assets for subsidiary sales. And Banc One's return on equity of 17.95% ranked it seventh among the large regionals. Banc One is considered a merger specialist with a remarkable ability to assimilate acquired institutions.

Among the smaller regionals with assets in the $5 billion-to-$10 billion range, State Street Boston Corp. was No. 1 with a ratio of 236.02%, up from 151.96% in 1984. Third National Corp., Nashville, was second with a ratio of 176.61%.

At the bottom of the rankings were First Security Corp., Salt Lake City, and Texas American Bankshares Inc., Fort Worth, with ratios of 79.11% and 68.97%, respectively. Last year, 31 of the 35 banks in this peer group had ra-

Value: Page 30

Bank Performance Measures Explained

NEW YORK — The statistical tables for the *American Banker's* annual performance study were compiled by the newspaper from data provided by Cates Consulting Analysts, New York.

In the first table, "1985 Performance of Top U.S. Banking Companies," the banking concerns are ranked by three measures of performance: return on average assets, return on average equity, and percentage change in earnings per share.

Cates defines return on average assets as net income before extraordinary items for the entire year 1985 divided by a daily average of total assets. If daily average assets is not available, Cates uses the mean of assets at Dec. 31, 1984, and Dec. 31, 1985.

Return on average equity is net income minus preferred stock dividends divided by average common shareholders' equity. Here, average equity is computed by taking the mean of common equity at Dec. 31, 1984 and Dec. 31, 1985.

The percentage change in earnings per share is the difference between earnings per share in 1985 and 1984 divided by earnings per share in 1984. Earnings per share is primary, based on net income before extraordinary items, and for the 12-month period.

In the second table entitled "How the Market Looks at Banks," the banks are ranked in order of market-to-book value of their stock. In addition, the price earnings multiple and dividend yield are shown.

Market-to-book value is the stock price divided by the book value per share. Cates uses the bid price on common stock as of Feb. 3, 1986, (or the closest trade date) and divides this by book value per share on Dec. 31, 1985.

The price earnings multiple is the stock price as defined above divided by earnings per share.

The dividend yield is the indicated annual dividend divided by the stock price as defined above.

The third table is entitled "Performance Study Peer Groups." This table identifies all banking firms with assets of $5 billion or more, on Dec. 31, 1985. The banks are listed in asset-size order within their respective peer grouping. This table was prepared by the *American Banker* statistics department. Banks that are not owned by holding companies are excluded.

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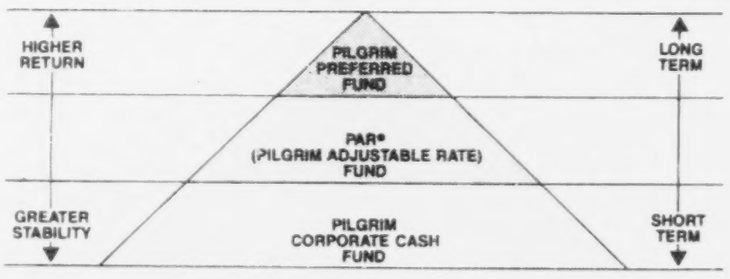

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Performance Study Peer Groups*

In order of total resources on 12/31/85

Peer Asset Rank		Assets 12/31/85
	MONEY CENTER BANKS	
1	Citicorp, New York	173,597,000,000
2	Chase Manhattan Corp., New York	87,685,442,000
3	Manufacturers Hanover Corp., New York	76,525,769,000
4	J.P. Morgan & Co., Inc., New York	69,375,000,000
5	Chemical New York Corp.	56,990,174,000
6	Bankers Trust New York Corp.	50,581,041,000
7	First Chicago Corp.	38,892,506,000
8	Mellon Bank Corp., Pittsburgh	33,406,195,000
9	Continental Illinois Corp., Chicago	30,527,810,000
10	Bank of Boston Corp.	28,296,340,000
11	Irving Bank Corp., New York	21,650,661,000
12	Republic New York Corp.	15,323,510,000
13	Harris Bankcorp, Inc., Chicago	9,245,095,000
14	Northern Trust Corp., Chicago	7,500,172,000
	$10 BILLION-ASSET BANKS	
1	BankAmerica Corp., San Francisco	118,541,125,000
2	Security Pacific Corp., Los Angeles	53,503,000,000
3	First Interstate Bancorp., Los Angeles	48,991,000,000
4	Wells Fargo & Co., San Francisco	29,429,394,000
5	First Bank System, Inc., Minneapolis	25,484,355,000
6	Marine Midland Banks, Inc., Buffalo, N.Y.	23,385,612,000
7	RepublicBank Corp., Dallas	23,205,593,000
8	MCorp, Dallas	22,586,271,000
9	InterFirst Corp., Dallas	22,071,000,000
10	Norwest Corp., Minneapolis	21,418,621,000
11	Texas Commerce Bancshares, Inc., Houston	20,076,000,000
12	NCNB Corp., Charlotte, N.C.	19,754,317,000
13	SunTrust Banks, Inc., Atlanta	19,405,563,000
14	Crocker National Corp., San Francisco	19,207,585,000
15	PNC Financial Corp, Pittsburgh	18,777,723,000
16	Bank of New York Co., Inc.	18,486,200,250
17	Bank of New England Corp., Boston (a)	17,803,573,000
18	First Wachovia Corp., Winston-Salem, N.C.	17,706,535,000
19	First City Bancorp. of Texas, Inc., Houston	16,819,100,000
20	NBD Bancorp., Inc., Detroit	16,675,877,000
21	First Union Corp., Charlotte, N.C. (a)	16,567,276,000
22	Barnett Banks of Florida, Inc., Jacksonville	14,829,078,000
23	Citizens & Southern Georgia Corp., Atlanta (a)	13,590,529,000
24	First Fidelity Bancorp., Newark, N.J.	12,620,015,000
25	National City Corp., Cleveland	12,505,476,000
26	CoreStates Financial Corp., Philadelphia (a)	11,080,230,000
27	Southeast Banking Corp., Miami (a)	11,052,012,000
28	Banc One Corp., Columbus, Ohio (a)	10,823,485,000
29	Midlantic Banks, Inc., Edison, N.J. (a)	10,354,933,000
30	Allied Bancshares, Inc., Houston (a)	10,245,507,000
	$5-$10 BILLION-ASSET BANKS	
1	Valley National Corp., Phoenix, Ariz.	9,930,532,000
2	Natwest Holdings Inc., New York (b)	9,796,328,000
3	Comerica, Inc., Detroit	9,769,540,000
4	Sovran Financial Corp., Norfolk, Va.	9,671,676,000
5	Union Bancorp, Los Angeles (c)	9,559,746,000
6	Norstar Bancorp, Inc., Albany, N.Y.	8,998,271,000
7	Society Corp., Cleveland	8,749,066,000
8	U.S. Bancorp., Portland, Ore.	8,349,721,000
9	Rainier Bancorporation, Seattle	8,348,846,000
10	Hartford National Corp., Conn.	8,342,637,000
11	United Virginia Bankshares, Inc., Richmond	8,099,556,000
12	Shawmut Corp., Boston	7,822,566,000
13	Maryland National Corp., Baltimore	7,791,531,000
14	AmeriTrust Corp., Cleveland	7,787,223,000
15	Bank of Virginia Co., Richmond (d)	7,744,633,000
16	Michigan National Corp., Bloomfield Hills	7,251,727,000
17	Fleet Financial Group, Inc., Providence, R.I.	7,122,294,000
18	KeyCorp., Albany, N.Y.	7,122,181,000
19	Boatmen's Bancshares, Inc., St. Louis (d)	7,054,560,000
20	Manufacturers National Corp., Detroit	6,980,430,000
21	Mercantile Bancorporation, Inc., St. Louis, Mo.	6,762,725,000
22	Fidelcor, Inc., Philadelphia	6,760,455,000
23	European American Bancorp, New York	6,654,672,000
24	State Street Boston Corp., Boston (d)	6,652,695,000
25	First Wisconsin Corp., Milwaukee	6,477,324,000
26	Texas American Bankshares, Inc., Fort Worth	6,413,155,000
27	BayBanks, Inc., Boston	6,269,012,000
28	Huntington Bancshares, Inc., Columbus, Ohio	6,240,444,000
29	Meridian Bancorp,, Inc., Reading, Pa.	6,229,735,000
30	Florida National Banks of Fla., Jacksonville	5,980,814,000
31	First American Bksh., Washington, D.C. (d)	5,725,786,000
32	First Pennsylvania Corp., Philadelphia	5,652,398,000
33	Riggs National Corp., Washington, D.C.	5,434,021,000
34	First of America Bk Corp., Kalamazoo, Mich. (d)	5,326,355,000
35	First Security Corp., Salt Lake City, Utah	5,293,620,000
36	First Tennessee National Corp., Memphis (d)	5,248,667,000
37	AmSouth Bancorporation, Birmingham, Ala. (d)	5,227,042,000
38	Centerre Bancorp., St. Louis, Mo.	5,171,671,000
39	Third National Corp., Nashville, Tenn. (d)	5,046,256,000

* Includes all bank holding companies with assets of $5 billion or more at yearend 1985.
(a) — In 1984, the bank was in the $5 billion-to-$10 billion peer group.
(b) — Performance data are for its subsidiary bank, National Westminster Bank USA, New York.
(c) — Performance data are for its subsidiary bank, Union Bank, Los Angeles.
(d) — In 1984, the bank had less than $5 billion in assets, and therefore was not in the $5 billion-to-$10 billion peer group.

How the Market Looks at Banks

Listed by Peer Group in Order of Market-to-Book Value of the Bank's Stock

Mkt-Book Rank 1985	1984		Ratio of Market-to-Book Value 1985	1984	Price Earnings Multiple 1985	1984	Dividend Yield (%) 1985	1984
		MONEY CENTER BANKS						
1	1	J. P. Morgan & Co., Inc.	138.71	103.72	8.42	7.13	3.73	5.09
2	--	Continental Illinois Corp.	137.71	(a)	22.67	—0.33	0.00	0.00
3	2	Republic New York Corp.	132.00	103.31	9.70	7.40	2.83	3.94
4	5	Northern Trust Corp.	122.62	87.07	14.76	15.39	2.97	4.35
5	3	Bankers Trust New York Corp.	106.73	103.05	6.80	6.61	4.04	4.29
6	4	Citicorp	96.29	91.40	6.85	6.49	4.64	4.92
7	8	Bank of Boston Corp.	95.02	77.02	7.26	5.42	4.30	5.30
8	6	Mellon Bank Corp.	94.39	83.62	7.99	8.33	4.70	5.53
9	9	Irving Bank Corp.	89.55	75.72	7.23	6.75	4.42	5.28
10	10	First Chicago Corp.	87.98	68.52	10.56	19.65	4.40	5.65
11	7	Chemical New York Corp.	86.73	80.56	6.05	5.83	5.59	6.25
12	12	Chase Manhattan Corp.	73.70	55.66	5.68	5.66	5.66	7.16
13	11	Manufacturers Hanover Corp.	63.50	58.72	5.31	5.36	7.28	8.39
		$10 BILLION-ASSET BANKS						
1	--	Banc One Corp.	215.42	168.33	13.00	9.98	2.76	3.83
2	--	First Wachovia Corp.	189.63	--	10.47	--	2.72	--
3	3	Barnett Banks of Florida, Inc.	176.99	139.27	10.90	8.35	2.40	2.97
4	--	First Union Corp., Inc.	175.61	148.94	10.53	8.60	2.73	2.63
5	--	SunTrust Banks, Inc.	167.99	--	10.78	--	1.67	--
6	4	PNC Financial Corp.	164.70	122.24	9.76	7.70	3.48	4.63
7	--	Citizens & Southern Georgia Cp.	161.30	165.18	9.51	10.01	3.89	2.83
8	--	Bank of New England Corp.	160.37	99.47	9.89	6.47	3.25	4.69
9	2	NCNB Corp.	154.09	140.44	9.54	9.06	3.46	3.58
10	--	CoreStates Financial Corp.	140.25	124.90	5.45	7.42	3.76	4.45
11	--	Midlantic Banks Inc.	140.19	119.14	8.79	7.21	2.93	3.80
12	6	National City Corp.	135.56	104.76	8.57	7.48	3.85	4.66
13	--	Southeast Banking Corp.	124.48	103.45	10.59	8.45	3.33	4.30
14	9	Bank of New York Co., Inc.	122.54	90.35	8.16	5.90	4.37	4.87
15	7	First Fidelity Bancorp	117.77	98.58	8.58	6.76	5.07	6.03
16	12	First Bank System, Inc.	112.14	87.65	8.10	7.83	3.48	4.55
17	--	Allied Bancshares, Inc.	111.36	180.03	6.02	8.61	4.73	3.38
18	8	Wells Fargo & Co.	105.67	93.84	7.88	7.70	4.16	4.09
19	13	NBD Bancorp., Inc.	104.39	81.91	8.51	7.48	3.30	4.06
20	1	Security Pacific Corp.	102.88	204.69	7.07	13.89	4.26	4.44
21	11	First Interstate Bancorp.	97.47	88.22	7.84	7.35	4.66	5.17
22	15	Norwest Corp.	82.62	74.31	9.49	13.95	5.92	6.79
23	10	MCorp	76.51	89.00	6.62	6.25	7.00	6.29
24	18	Marine Midland Banks, Inc.	73.59	60.76	6.93	7.71	4.29	4.98
25	14	RepublicBank Corp.	73.36	81.43	6.25	6.49	5.56	5.42
26	5	Texas Commerce Bcsh, Inc.	65.77	113.54	14.59	7.23	6.60	3.83
27	16	InterFirst Corp.	53.30	70.12	10.31	6.89	6.40	4.95
28	17	BankAmerica Corp.	50.60	66.10	--	10.81	6.33	7.95
29	19	First City Bancorp of Texas, Inc.	46.77	60.27	15.33	7.61	5.22	8.67
		$5-$10 BILLION-ASSET BANKS						
1	--	State Street Boston Corp.	236.02	151.96	13.98	8.69	1.32	2.15
2	--	Third National Corp.	176.51	121.47	10.98	8.02	2.62	3.58
3	--	Bank of Virginia Co.	175.10	140.82	10.33	8.63	3.56	3.90
4	--	AmSouth Bancorp	161.97	109.94	10.38	8.01	5.43	5.02
5	14	KeyCorp	157.13	120.36	10.01	7.92	3.83	4.98
6	17	Norstar Bancorp., Inc.	155.49	114.03	10.98	7.97	4.38	6.34
7	10	Sovran Financial Corp.	153.29	130.50	9.39	8.09	3.89	4.39
8	11	Hartford National Corp.	152.62	129.23	9.13	7.63	4.54	5.52
9	32	Riggs National Corp.	152.03	93.95	12.16	8.02	3.17	5.00
10	9	Fleet Financial Group, Inc.	149.66	135.96	8.51	8.29	3.62	4.09
11	13	United Virginia Bankshares, Inc.	145.47	124.02	9.42	7.83	3.35	3.95
12	22	Maryland National Corp.	145.25	108.09	9.22	8.40	2.64	3.17
13	20	Huntington Bancshares, Inc.	144.47	110.50	9.87	7.59	3.20	4.11
14	--	First of America Bank Corp.	141.03	104.51	8.62	6.28	3.13	4.17
15	7	Florida National Banks of Florida	138.38	137.41	5.86	9.57	1.92	2.23
16	18	Rainier Bancorp.	137.28	113.66	10.39	8.19	2.95	6.87
17	26	Meridian Bancorp., Inc.	136.08	102.23	8.92	7.25	4.31	5.75
18	21	BayBanks, Inc.	132.78	108.99	8.60	8.21	3.66	4.56
19	--	First Tennessee National Corp.	132.57	120.83	9.50	8.05	4.17	4.85
20	27	Society Corp.	128.50	99.70	9.32	7.46	3.29	4.20
21	19	Valley National Corp.	127.93	112.72	8.83	8.89	3.25	3.75
22	--	Boatmen's Bancshares, Inc.	123.80	114.30	8.67	7.41	4.33	4.29
23	30	Fidelcor, Inc.	121.17	95.12	8.10	6.61	3.88	4.92
24	36	First Pennsylvania Corp.	119.91	84.75	--	-53.85	0.00	0.00
25	38	Manufacturers National Corp.	117.28	78.14	8.69	6.63	3.02	4.10
26	29	Shawmut Corp.	113.55	99.17	8.22	7.14	4.33	5.01
27	31	U.S. Bancorp	112.47	94.16	9.72	8.20	3.09	4.00
28	37	Michigan National Corp.	112.39	78.96	12.41	13.12	2.44	0.00
29	40	First Wisconsin Corp.	111.53	74.90	9.95	7.54	3.10	4.68
30	34	Mercantile Bancorp., Inc.	103.93	87.00	8.18	7.05	4.48	5.80
31	35	AmeriTrust Corp.	100.62	85.81	9.04	8.19	4.12	4.74
32	33	Comerica, Inc.	87.61	90.75	8.65	7.85	5.68	5.56
33	41	Centerre Bancorp.	85.60	70.94	10.06	9.26	5.07	6.37
34	39	First Security Corp.	79.11	76.02	14.90	11.58	4.73	5.00
35	23	Texas American Bankshares, Inc.	68.97	104.77	10.00	8.87	6.33	4.22

(a) To avoid a distortion of survey results, the 1984 ratio market-to-book value for Continental Illinois Corp was not used.

Takeovers . . .

➳ Continued from Page 1

based there.

Independent Bankers Association lobbyist Steve Verdier said the change was buffered by protection of state laws regarding the privileges of out-of-state bank operators.

Defeated on Thursday were two amendments to place caps on banking assets and deposit concentration.

Rep. Mary Rose Oakar, D-Ohio, promised to introduce an amendment enhancing the Community Reinvestment Act when the bill is considered by the full House Banking Committee.

Next Tuesday, the same financial institutions subcommittee will vote on a bill to recapitalize the Federal Savings and Loan Insurance Corp. fund.

On a related issue, Rep. Bill McCollum, R-Fla., intensified efforts to push a ban on limited-service, or nonbank, banks. These institutions escape the ban on interstate banking and can be owned by nonbanking parents. Mr. McCollum fears they will be exploited by outside institutions to gather deposits in his state.

Mr. McCollum has drafted a petition that would force the House Rules Committee, which controls what measures are considered on the House floor, to release legislation banning most nonbank banks. The House Banking Committee approved the ban in bill HR 20 more than a year ago, but the House Rules Committee has refused to pass it on. Mr. McCollum must win the signatures of a majority of House members.

Rep. Fernand J. St Germain, D-R.I., chairman of the House Banking Committee, said his name was on Mr. McCollum's petition, but he asked that it be removed. He would not comment other than to say, "There had been a misunderstanding."

In an interview Wednesday, House Rules Committee Chairman Claude Pepper, D-Fla., said he favored the ban on nonbank banks. "But we're trying to work out a compromise so there won't be so much of a fight."

According to lobbyists, Mr. St Germain will ask the Rules Committee to pass on a limited version of the ban when it considers the interstate acquisitions measure now moving through the House Banking Committee.

House Speaker Thomas "Tip" O'Neill, D-Mass., said in an interview Wednesday that he would not interfere on the issue of debating the nonbank-bank ban. "Chairman St Germain came to me and said he did not need my help. I let the House work its course. I don't interfere."

Any emergency interstate acquisition legislation passed by the House also faces consideration in the Senate, where it is expected to be part of an omnibus banking bill to be introduced shortly. ■

Interstate . . .

➳ Continued from Page 1

rizon Bancorp.'s senior vice president and general counsel, said the bank "has the legal right to relocate and to continue to operate."

He said that the Pennsylvania law was "unconstitutional because it unreasonably discriminates" between out-of-state and in-state businesses in interstate commerce.

Mr. Little said that Horizon has applied to move the bank from its present location on Rittenhouse Square to another location in downtown Philadelphia.

Horizon has agreed to be acquired by Chemical New York Corp. when a national trigger in the New Jersey interstate banking law becomes effective in 1988, at the earliest.

Mr. Little said that Horizon also disagreed with a 1985 Federal Reserve Board decision involving Mark Twain Bancshares Inc., St. Louis. In that decision, the Fed argued that under the Bank Holding Company Act it must approve interstate relocations. He said that "it is very clear" that relocating the headquarters of a national bank is not covered by the act. In the Mark Twain case, the Fed said that a holding company that controlled a bank outside its home state while controlling a bank within its home state violates the Douglas Amendment's ban on interstate banking.

Mark Twain subsequently closed a bank in Overland, Kan., which had been relocated from Independence, Mo., about 15 miles away.

Separately, Wayne Angell, a member of the Fed, commented generally on the Horizon and Mark Twain cases, saying that he "would not favor subterfuges that would take away the authority of state legislators."

He said that multistate bank holding companies were subject to the Bank Holding Company Act.

Mr. Angell spoke at a press conference at the Federal Reserve Bank of Philadelphia. ■

Strategic Dates

July 1, 1987

WASHINGTON INTERSTATE BANKING: A law which permits out-of-state banks to acquire Washington financial institutions that are at least three years old, as long as the acquirer's home state has similar legislation, becomes effective.

Value . . .

➳ Continued from Page 23

tios exceeding 100%, compared with 20 of the 35 banks in 1984.

State Street, which surpassed the $5 billion-asset mark last year, joins the performance survey for the first time. The bank was restructured several years ago and invested heavily in the securities processing business. Today, it is one of the largest transfer agents and record keepers for mutual funds. This processing business generates an above-average amount of fee income for a bank of State Street's size.

The size of earnings improved substantially in 1985, compared with 1984, adding to the marketplace's improved perception of banking companies.

Net interest margins rose to offset the effects of stagnant commercial loan growth.

In addition, earnings were helped by the strength in noninterest income — especially bond trading and foreign exchange trading — in the second and third quarters of 1985. Also last year, there was a lessening in concern about the debt of lesser-developed nations, especially Argentina. The 1984 earnings were hurt by Argentine loan worries.

Net income at the top 10 banks jumped up 19.7% in 1985, while the top 100 companies in net income posted a 17.9% gain, their largest gain since 1979.

Improved earnings helped boost the return on assets, or ROA, which is net income as a percentage of average assets, for all three peer groups. In 1985, the ROA of money center banks rose 10 basis points to 0.68%.

Among the large regional banks, the average ROA rose only four basis points to 0.79%. However, if the six banks listed above are again excluded, ROA improved by eight basis points from 0.86% in 1984 to 0.94% in 1985.

Among the smaller regional banks, ROA was up 10 basis points to 0.86%. ■

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American Banker

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Comment

The Balanced Bank

By SANFORD ROSE

Bankers, afflicted with a pardonable weakness for taxonomy, are becoming exceedingly fond of the concept of the "balanced bank." This concept, popularized by the First Manhattan Consulting Group, the "hottest" pundit in the business, anatomizes bank earnings into five parts: asset yield, liability yield, contingent-liability return, mismatch return, and return from nonbalance-sheet-intensive businesses.

Smart banks make use of all or nearly all these tributaries to the earnings stream. In effect, they make a given dollar of equity work a lot harder than do those banks that focus primarily on asset-intensive activities.

Asset-intensive businesses in turn are broken down into wholesale and consumer lending. Generic wholesale lending to big borrowers fetches poor returns because it has become mature and commodified, although some lenders have managed to transcend these limitations with such value enhancements as investment banking advice — e.g.,

Comment: Page 4 ➤

First Interstate Said to Be Interested In Buying Troubled First Oklahoma

By RICHARD RINGER

CHICAGO — A large West Coast bank holding company has indicated an interest in acquiring First Oklahoma Bancorporation Inc., Oklahoma City, as the chances of finding an in-state buyer for First Oklahoma have waned.

Interstate Banking

First Interstate Bancorp, Los Angeles, may be willing to acquire First Oklahoma, several sources said. At the same time, Banks of Mid-America Inc., the only Oklahoma-based bank holding company thought to have a chance of buying First Oklahoma, has apparently lost interest in any merger with its crosstown rival.

With the waning interest of Banks of Mid-America, it becomes increasingly likely that a solution for pumping much-needed capital into First Oklahoma's principal banking subsidiary involves a purchase by an out-of-state bank or bank holding company.

An Oklahoma law took effect earlier this year that allows out-of-state banks and bank holding companies to acquire failed or failing banks in the state.

In published reports last week and again Monday, Joseph J. Pinola, First Interstate's chairman and chief executive officer, said that the company is studying several potential purchases, including some of failing banks or thrifts for which regulators are believed to be trying to arrange merger partners.

With assets of $1.8 billion, First

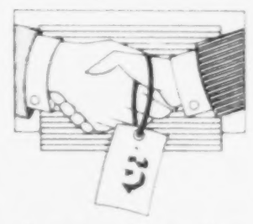
First Oklahoma: Page 19 ➤

Top 10 Banks' Business Loans Decline Again

Smaller Banks in Top 300 Continue to Show Gains

By L. MICHAEL CACACE

NEW YORK — For the second consecutive year, the growth in business lending at the nation's top 300 banks in the field was sharply skewed in 1985. The top 10 banks continued to show a decline in commercial and industrial loans, while the smaller banks in the top 300 posted sizable gains.



Commercial Lending

There are several reasons for the disparity in growth rates. First, many large banks have been selling participations in business loans to foreign banks' U.S. branches, agencies, and commercial bank subsidiaries; to other domestically owned banks ranked among the top 300; and to thrift institutions. These sales have reduced the amount of loans remaining on their books.

Second, the large corporate clients of the nation's top banks have access to the national money markets, and many have turned to the commercial paper market for financing. Third, the corporate clients of the lower-tier banks in the top 300 are from the middle-market sector of the U.S. economy, which has had strong demand for loans in the past two years.

Top 300 Bank Lenders to Business
Tables Begin on Page 25

Commercial and industrial loans, or business loans, declined 6.1% at the top 10 banks in 1985, after falling 1.2% in 1984. Business loans at banks ranked under the top 50 rose 20.5%, after rising 23.8% in 1984.

These are some of the findings of the *American Banker*'s sixth annual survey of the top 300 commercial bank lenders to business, published today.

The survey is based on the federal regulatory reports of condition for Dec. 31, 1985, and Dec. 31, 1984, and the reports of income for 1985 and 1984. The report-of-condition data include outstanding business loans to U.S. and foreign businesses and are consolidated to include loans booked in a bank's domestic and foreign offices. Lease financing receivables are excluded. For more detailed definitions, see the side notes that accompany the listing of the top 300 banks.

There are several reasons for the sale of business loans by the nation's top banks. Within the last two years, federal regulators have imposed new capital adequacy requirements on commercial banks. In July 1984 the Federal Reserve Board proposed that both regional and multinational state member banks and all bank holding companies raise their minimum primary-capital-to-assets and their total-capital-to-assets ratios 0.5% each, to 5.5% and 6%, respectively. And in February 1985, the Federal Deposit Insurance Corp. approved a final rule requiring all banks to increase the minimum prima-

Business Loans: Page 38 ➤

6th Annual Survey of the Top 300 Banks in Business Loans

Based on total commercial & industrial loans outstanding

The Top 5 Gainers
Among the Top 100 in Business Lending
(Dollar Figures in Millions)

		Business Loans 12/31/85	12/31/84	Percent Incr.	C&I Rank
1	Industrial Bank of Japan Trust Co., New York	776	512	51.8	92
2	NCNB National Bank of Florida, Tampa	1,104	744	48.5	69
3	Republic National Bank, New York	856	590	45.0	85
4	Manufacturers Hanover Bank, Wilmington, Del.	1,452	1,039	39.8	56
5	Fidelity Bank NA, Malvern, Pa.	1,462	1,055	38.5	55

The 5 Largest Losers
Among the Top 100 in Business Lending
(Dollar Figures in Millions)

		Business Loans 12/31/85	12/31/84	Percent Decr.	C&I Rank
1	European American Bank, New York	2,180	3,089	29.4	30
2	Crocker National Bank, San Francisco	3,817	4,953	22.9	21
3	Mercantile Trust Co. NA, St. Louis, Mo.	733	941	22.1	98
4	BancOhio National Bank, Columbus	747	900	17.0	95
5	First City National Bank, Houston	2,810	3,377	16.8	26

The Top 5 Gainers
Among the 2nd 100 in Business Lending
(Dollar Figures in Millions)

		Business Loans 12/31/85	12/31/84	Percent Incr.	C&I Rank
1	Union Trust Co., Stamford, Conn.	419	263	59.2	164
2	Laredo National Bank, Tex.	320	212	51.1	193
3	First American Bank of Virginia, McLean	554	381	45.3	120
4	Norstar Bank of Upstate NY, Albany	444	315	41.1	158
5	Long Island Trust Co. NA, Garden City, N.Y.	385	277	39.1	174

The 5 Largest Losers
Among the 2nd 100 in Business Lending
(Dollar Figures in Millions)

		Business Loans 12/31/85	12/31/84	Percent Decr.	C&I Rank
1	First National B & T Co., Oklahoma City	554	786	29.5	121
2	Equibank, Pittsburgh	406	551	26.4	168
3	Bank of the West, San Francisco	311	383	18.8	197
4	American Security Bank NA, Washington, D.C.	468	566	17.4	147
5	Liberty National B&T Co., Oklahoma City	329	387	14.9	190

The Top 5 Gainers
Among the 3rd 100 in Business Lending
(Dollar Figures in Millions)

		Business Loans 12/31/85	12/31/84	Percent Incr.	C&I Rank
1	Bucks County Bank & Trust Co., Perkasie, Pa.	257	117	118.8	235
2	Gallatin National Bank, Uniontown, Pa.	216	116	86.4	271
3	First Security National B & T Co., Lexington, Ky.	254	136	86.2	239
4	Southern Bank & Trust Co., Greenville, S.C.	188	113	66.7	295
5	Tokai Bank of California, Los Angeles	192	130	47.3	290

The 5 Largest Losers
Among the 3rd 100 in Business Lending
(Dollar Figures in Millions)

		Business Loans 12/31/85	12/31/84	Percent Decr.	C&I Rank
1	InterFirst Bank Houston NA	281	407	31.0	219
2	BancTexas Dallas NA	211	288	26.7	276
3	United States Trust Co., New York	195	245	20.4	288
4	First National Bank & Trust Co., Tulsa, Okla.	297	346	14.2	209
5	Liberty National Bank & Trust Co., Louisville, Ky.	305	342	10.6	202

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